Emergency Preparedness Canada
Protection civile Canada

DISASTER FINANCIAL ASSISTANCE

Manual to assist in the interpretation of federal guidelines

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SAFE GUARD

DISASTER FINANCIAL ASSISTANCE

Manual to assist in the interpretation of federal guidelines

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FOREWORD

Since 1970, through the Disaster Financial Assistance arrangements, the federal government has provided financial assistance to provincial governments when the cost of dealing with a disaster would place an undue burden on the provincial economy. The Disaster Financial Assistance arrangements are administered by Emergency Preparedness Canada under guidelines approved by the Cabinet.

This manual is intended to assist in the interpretation and administration of the Disaster Financial Assistance arrangements by documenting the guidelines, and by citing examples to illustrate the manner in which they have been applied.

Where reference is made to a province or provinces in this manual, it is intended that the territories be included in the reference.

CHAPTER I

BASIS OF THE ARRANGEMENTS

1. Through the Disaster Financial Assistance arrangements (DFA), the federal government provides basic financial assistance to help provincial governments meet the costs of disasters which exceed what they might reasonably be expected to bear on their own. Funds are not budgeted for the arrangements because there is no way to predict the amount that might be needed in a given year. Funds are obtained, as needed, by means of a submission to the Treasury Board.

2. A definition of what constitutes financial hardship to a province is implied in the formula for determining federal financial assistance:

Expenditures Per Capita of Provincial Population	Federal Share	Provincial Share
$0 to $1	0%	100%
$1 to $3	50%	50%
$3 to $5	75%	25%
$5 plus	90%	10%

3. The phrase eligible costs, which occurs throughout this manual, refers to provincial government expenditures which meet the criteria for eligibility set out in the federal guidelines. These guidelines are general in nature and each disaster raises questions relating to their interpretation. This manual is intended to aid in making such interpretations.

4. Since floods are a frequent cause of property damage in Canada, the Federal Flood Damage Reduction Program is worth noting. This is a federal/provincial program to carry out flood-plain mapping and delineation of high flood risk areas with a view to minimizing damage to property in those areas. Once such areas are designated, no assistance will be provided under the Disaster Financial Assistance arrangements to meet the cost of repairing or replacing structures subsequently built or installed in the designated areas and damaged by flood.

CHAPTER II

GENERAL ADMINISTRATIVE PROCEDURES

1. When a disaster occurs, it is usually apparent, within a few days, as to whether it will qualify for federal assistance. If the disaster appears to be sufficiently severe, and if the province affected wants federal financial assistance, then a request must be made by the province. This usually takes the form of a letter or Telex from the provincial Minister responsible for emergency measures to the federal Minister Responsible for Emergency Preparedness. Provinces should be encouraged to submit requests for assistance as soon as possible after the event. If, as has happened, the threshold is subsequently not met, no harm is done. Early federal involvement permits damage assessment before restoration begins and a mutually beneficial joint determination, from the beginning, of provincial expenditures acceptable for federal assistance.

2. The Regional Director of Emergency Preparedness Canada is the federal official who initially provides liaison with provincial officials in responding to the immediate effects of a disaster. Subsequently, the Regional Director co-ordinates federal participation in damage assessment and in the review of provincial requests for assistance. These activities are usually carried out through a co-ordinating procedure which the Regional Director administers in conjunction with provincial emergency preparedness officials. Federal departments may be requested to provide advice and assistance to the Regional Director in determining reasonable costs for recovery and restoration.

3. Assessment and appraisal teams will be established jointly by the federal and provincial governments to review and assess public sector damage. The practice has been for federal and provincial officials to inspect the damaged areas, appraising the cost to restore public works, lands, buildings, dykes, rivers and streams to pre-disaster condition. For private sector requests, insurance appraisers are brought in, when needed, to appraise damage. These public and private sector appraisals form the basis of overall estimates of damage. In the public sector, these estimates are of particular importance since actual costs in repairing damage to public works must be reconciled with these initial damage estimates.

4. In the public sector, accounting procedures must be such that work required to restore publicly owned facilities can be separated from ongoing maintenance and other routine work. Accounts should be maintained for each project showing the costs that are additional to those normally incurred.

5. Together, these private and public sector appraisal reports form the basis for deciding whether damage is sufficient to warrant a request for federal financial assistance. These reports should be prepared as soon as possible after the event.

6. Experience has demonstrated that initial immediate post-disaster cost estimates are generally exaggerated. Appraisals and detailed estimates prepared by federal and provincial experts indicate whether DFA might be applicable but actual expenditures form the basis of federal financial assistance provided. At the request of the province, an advance payment of a portion of the federal contribution may be made as soon as the estimates and expenditures sufficient to justify an advance payment have been compiled. Overpayments will be avoided by conducting an interim audit or at least an interim review prior to the federal payment of an advance. Additional advance payments can always be requested should the situation warrant.

7. Emergency Preparedness Canada's Regional Director should be in close liaison with the provincial disaster assistance administrators to advise on eligible costs under the arrangements, to make specific interpretations of the guidelines and to acquire knowledge that will help the federal auditors when the final audit of provincial assistance is undertaken.

8. Audits will be conducted by the Audit Services Bureau of Supply and Services Canada.

9. Provincial population is the Statistics Canada population estimate for June of the calendar year in which the disaster occurs.

10. Provinces and/or municipalities should endeavour to identify and make available records that will assist in determining the pre-disaster condition of the disaster site. It is recognized that in the case of rivers and streams, pre-disaster conditions can be difficult to determine and requests for financial assistance, in these instances, should be assessed case by case.

11. To assist in applying the guidelines to determine eligible costs for public works, provinces should be encouraged to maintain the following records:

1) **Provincial Works**

For work started in the immediate post-disaster period when there is no time to obtain estimates, the records should provide:

- a description of the damage and work required to restore the facility to pre-disaster condition
- an assessment by the appropriate federal official of the reasonableness of the costs for material, labour and equipment
- the actual cost records by project/location indicating labour, material and equipment charges
- a determination of appropriate rates for labour, material and equipment.

For work commenced later for which estimates were prepared by provincial or contract specialists, the records should include:

- a description of the damage and work to be done to restore to pre-disaster condition
- a provincial estimate of the cost, including labour, material and equipment
- a determination of appropriate rates for labour, material and equipment
- an assessment by the appropriate federal official of the reasonableness of the cost estimate
- actual cost data on completion of the work.

2) **Municipal Works**

Records should include:

- a damage estimate prepared by the local engineer or other appropriate official, by specific location and project or sub-project
- a provincial verification of the estimate of cost to repair the damage to pre-disaster condition ensuring that costs for maintenance and improvements are not incorporated
- a determination of appropriate rates for labour, material and equipment provincial records of payments
- confirmation by the province that the work has been completed
- when considered necessary by the Emergency Preparedness Canada Regional Director, an assessment of the reasonableness of the cost estimate.

12. Provincial officials should inform the appropriate federal officials before beginning and after completion of each project or major sub-project.

CHAPTER III

GUIDELINES FOR ADMINISTRATION OF THE DISASTER FINANCIAL ASSISTANCE ARRANGEMENTS

1. The purpose of this paper is to provide guidelines for officials who are responsible for determining those eligible costs which can be directly associated with a disaster/emergency and its immediate effects as a basis for cost-sharing arrangements between governments.

2. The guidelines do not refer to projects designed to reduce vulnerability in the event of recurrence of a disaster or to assist the post-disaster economy of an area or community, as these, while very important, are considered to be part of normal intergovernmental arrangements for which means of consultation are already available between the departments and agencies concerned. It is suggested, however, that consideration of such problems should be stated at an early date following a disaster.

3. The guidelines do not refer to post-disaster assistance by government to large businesses and industry whose continued operation is vital to the economy of a community. It is recognized that there may be occasions when such assistance is warranted. A special study should be made for each such situation.

4. These guidelines are meant for application to all types of disasters and to varying circumstances across the country. They have been developed, therefore, using general terms accompanied by examples of intent where necessary. It should not be construed that the omission of any item or contingency means that it need not be considered at the time of a disaster. Each event will require an analysis of its own special requirements and government policy to deal with them.

5. In all cases "eligible costs" means expenditures incurred by the provincial government.

Categories of Eligible Costs

6. The Immediate Disaster Period. Eligible costs would be those related to:

   1) the rescue, transportation, emergency health arrangements and emergency feeding, shelter, clothing and transportation of persons, shelter and feeding for livestock, including the provision and restoration of facilities used for those purposes

   2) measures taken on orders of the proper authorities to reduce the extent of damage by the removal of valuable chattels and assets and hazardous materials from the area of immediate risk, including the provision of storage space and transportation costs

   3) the determination of the area and containment of the extent of the disaster, including emergency provision of essential community services, equipment, material and labour for protective works for individual protection and that of publicly owned institutions and utilities

   4) the provision of emergency medical care to casualties of the disaster, or a resulting epidemic, and the transportation of such casualties from an apprehended disaster area, or of regular patients to make way for casualties, and of their return following the disaster

   5) special security measures

   6) special communications facilities

   7) emergency control headquarters

   8) special registration and enquiry services.

7. Post Disaster Assistance for Individuals. Eligible costs may include:

   1) restoration or replacement of or repairs to immovable real property, for any normally occupied dwelling place, appurtenant

buildings and farm buildings and items essential to a farm business, where such dwelling place is used entirely for living accommodation, or partly for living accommodation and the earning of livelihood by a member or members of the family unit

2) restoration or replacement or repairs to chattels, furnishings and clothing of an essential nature as these may be determined for each disaster (e.g. stoves, refrigerators, beds, heavy winter clothing)

3) assistance in the restoration of small businesses where the owner's livelihood has been destroyed. This includes payments made to restore farm lands to workable condition where a farm operation has been seriously affected by flood erosion or land gouging

4) costs of damage inspection and appraisal and administrative assistance excluding those incurred by permanent staff of government departments.

8. Post-Disaster Assistance in the Public Sector. Eligible costs may include:

1) Clearance of debris and wreckage. Examples are:

(i) channels of rivers and streams as necessary

(ii) intake and outfall of sewer and storm drains to permit adequate functioning of the systems

(iii) water supply reservoirs as necessary

(iv) removal of buildings which constitute a definite threat to public safety

(v) removal of trees and limbs if public safety is endangered.

2) Protective health and sanitation facilities.

3) Repairs to pre-disaster condition of streets, roads and bridges, wharves and docks.

4) Repairs to dykes, levees and drainage facilities including flood control and irrigation systems, as well as removal of emergency works and restoration of their sites to pre-disaster condition.

5) Repairs to government and public buildings and their related equipment. These include such facilities as schools, hospitals, public libraries, penal and welfare institutions, police and fire stations, public office buildings and public recreational facilities such as bathing beaches, zoos and parks.

6) Repairs to publicly owned sewer and water utilities. Repair costs for damage done to Crown corporations except those supplying sewer and water services, would be ineligible.

7) Costs of inspection and appraisal, and where required planning and design, to determine costs of restoration or replacement excluding those incurred in respect of permanent staff of government agencies.

Administrative Guidelines

9. Geographic Limitation. Eligibility will be limited to damage in defined area(s) mutually agreed to by the governments which may be involved in cost sharing.

10. Amount of Claims. Claims may not exceed the estimate of costs required to restore an item or facility to its immediate pre-disaster condition.

11. The cost of permanent repair or replacement of private property or public facilities to higher than pre-disaster condition may be included in an amount no greater than that estimated to be required for the repair or replacement to their immediate pre-disaster condition.

12. Assistance to the reconstruction of private property in disaster-prone areas should only be given once, unless effective action to avoid recurrence by the individual was not practical.

13. Eligible costs shall not include those:

1) which are recoverable at law or insurance

2) which are of a class or kind for which provision is made in whole or in part under any other government program

3) incurred in dealing with damages to property or facilities in respect of which assistance was previously made available to prevent such damage

4) incurred in dealing with damages which are an ordinary or normal risk of a trade, calling or enterprise

5) incurred for restoration or rehabilitation which cannot be considered essential to the restoration of an individual to his/her home or livelihood or the reconstruction of essential community services. Examples of non-essential items might be summer cottages, non-essential roads and bridges, trailers, certain chattels, landscaping, fences and pleasure items

6) incurred for the restoration of property owned by large businesses and industries

7) which can be considered normal operating expenses of the government department or agency concerned and including maintenance budgets

8) provincial retail and other similar taxes.

14. In determining the levels and types of costs for which assistance is to be made available, certain factors should be borne in mind such as:

1) the responsibility of any individual or organization to take reasonable precautions if time was available

2) the response made by an individual to any warnings or instructions issued by the appropriate authorities to protect himself and his property

3) the availability of insurance coverage at reasonable rates.

15. Post-Disaster Assistance for Individuals. In settling claims a suitable basis for claims might be as follows:

1) appraised value of real property (derived from assessment rolls)

2) appraised value of essential goods and chattels (based on a list of eligible items and unit values)

3) restoration of property to pre-disaster functional condition where an assessment of values is not practical.

16. Post-Disaster Assistance in the Public Sector.

1) Construction standards should adhere to the prevailing codes in the area, and to those approved by the participating agencies.

2) Only in exceptional circumstances should standard tendering practices and wage rates for the reconstruction and restoration programs in the post-disaster period differ from normal approved procedures and policies of the participating agencies.

Note: The remaining chapters of this manual provide interpretations of the guidelines which have evolved in the course of their application to actual events and provide additional guidance to administrators of these arrangements.

CHAPTER IV

INTERPRETATION - GENERAL PRINCIPLES

1. Repair of damage to property is generally the responsibility of the owner of the property. However, in a major disaster, damage can be so widespread that governments (municipal, provincial, federal) offer assistance to help restore the property to its pre-disaster condition.

2. The Disaster Financial Assistance arrangements become applicable when financial assistance in recovering from a disaster has been requested by a provincial government and the request has been agreed to by the federal Minister Responsible for Emergency Preparedness. Federal assistance is then provided in accordance with the guidelines for administration of the Disaster Financial Assistance arrangements. The dollar value of the assistance is calculated by applying the formula presented in Chapter I, paragraph 2, to the total of costs eligible for federal financial assistance.

3. Provinces may provide more generous assistance than the federal arrangements permit. In this circumstance, federal assistance is limited to that portion eligible under the guidelines. The decision of the Executive Director of Emergency Preparedness Canada regarding eligibility is final.

4. In assessing eligibility for federal assistance, the following factors must be taken into account:

1) the province involved must have incurred the expenditure (i.e. paid out money)

2) requests for assistance must be on a net cost basis. That is, costs of restoration must be reduced by the amount of any recoveries or other financial assistance received.

5. Given that the aim of the federal arrangements is to provide basic assistance to restore public works to their pre-disaster condition and to facilitate the restoration of essential, personal property of private citizens, farmsteads, and small businesses, certain items are not eligible. These are covered in Chapter III, paragraph 13, of this manual and are further defined as follows:

1) Any damage for which costs could be recovered through insurance or at law. Any damage for which insurance coverage was available (whether or not it was purchased) at reasonable cost, is not eligible. Reasonable cost may be assumed if insurance policies are generally available to the public and have been well subscribed. For certain unique losses, an investigation should be carried out to determine whether insurance coverage could have been purchased and whether the rate would have been reasonable, given the type of loss incurred relative to the activity in which the owner was engaged. In questionable cases, eligibility will take into consideration written statements of provincial emergency preparedness officials or the Insurance Bureau of Canada. With respect to recoveries at law, this would apply in a case where the disaster was caused by a non-natural occurrence for which proceedings under law could be brought against an individual, corporation or government.

2) Costs for which provision is made in whole or in part under any other government program. This provision has been generally brought to bear in cases where crop damage was incurred. It should be noted, however, that other types of damage could occur for which compensation is available under other government programs. With respect to crop damage, the federal government operates an "umbrella" program of crop insurance-through federal-provincial agreements. This program allows the province to designate certain crops under the federal program as eligible for insurance. Farmers then elect for coverage through the province. Interpretation in the past has been that crop damage is not eligible for federal financial assistance if the specific crop could have been covered under the federal umbrella program. Cases have arisen where the crop could have been covered under the federal program but the province did not opt into the program for that specific crop. In these cases, the attitude has been that insurance coverage could have been available and therefore, these expenditures are not eligible for federal assistance.

3) Damages to property or facilities for which assistance was previously available to prevent such damage. This provision refers to such areas as those in which the federal and/or provincial governments have carried out flood prevention works or where other preventative programs have been put in place. The Red River area program of dyking and raising to levels defined by the 100-year flood plain is an example. However, should a flood occur which brought flood levels to above the 100-year level, Red River Valley residents would be eligible for assistance.

4) Damages that are an ordinary or normal risk of a trade, calling or enterprise. This provision has not been invoked in any disaster for which assistance has been provided under the arrangements to date.

5) Costs incurred for restoration or rehabilitation which cannot be considered essential to the restoration of an individual to his/her home or livelihood or the reconstruction of essential community services. This is a broad provision and what has been deemed "essential" is dealt with under the more detailed interpretations in subsequent chapters.

6) Costs incurred for the restoration of property owned by large businesses and industries. This is covered under specific interpretations relating to business.

7) Costs that can be considered normal operating expenses of the government department or agency concerned, including maintenance budgets. This is covered under the public sector interpretations.

8) Provincial taxes. Since the signing and coming into force of the Federal-Provincial Reciprocal Taxation Agreement in 1977, (renewed 1987) this provision does not apply to those provinces party to those agreements. Provincial tax costs are eligible costs for those provinces (Ontario, Quebec, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland, Manitoba and British Columbia).

CHAPTER V

INTERPRETATION - PUBLIC SECTOR

1. Most costs related to the restoration of public works, other than normal ongoing or operating costs, are eligible for assistance under the Disaster Financial Assistance arrangements. This includes all pre-emptive action such as evacuation, building of temporary dykes, relocation of material or resources, sandbagging, incremental costs associated with use of National Defence troops or vehicles, and rental of equipment. that is not included is the purchase of special or additional equipment to fight the disaster, salaries (other than overtime) of permanent employees, or any expenditures related to preventive measures. The arrangements do not compensate for equipment purchased or measures taken that would or should be a normal part of preparations to avoid or mitigate the effects of a future disaster.

2. Salaries of permanent employees are not eligible. However, where permanent employees of provincial government departments or agencies are engaged in disaster related work during the disaster or in the immediate post-disaster period, their overtime costs (including payment, where applicable, for statutory holidays) and actual and reasonable expenses are eligible.

3. In the immediate post-disaster period, only those costs of appraising and estimating damage which are additional to the work carried out by regular government employees are eligible for sharing. This would include the hiring of outside appraisers or estimators or, in the case of provinces where public insurance exists and is operated by an arm's length public corporation, the use of employees of that corporation to make appraisals or estimates. The cost of backfilling positions to temporarily cover full-time staff conducting disaster assistance surveys and assessments is eligible provided documentation is available specifying positions being backfilled, persons employed and actual time spent.

4. It is essential that accurate time sheets for labour and equipment be kept by the province to permit calculation of incremental costs of government services.

5. All damage to public works such as roads, bridges, dykes, dams, breakwaters, etc., is eligible for federal assistance but only in an amount which would restore the public work in question to its pre-disaster condition. This amount will be determined by federal and provincial officials expert in the construction, repair and maintenance of the type of facility concerned. The latest estimate on record or the tendered costs or actual costs will be accepted provided that the estimate/tender contains an accurate description of the work to be done to restore such public works. The federal government will not share in the cost of upgrading public works to higher standards than those which existed before the disaster. If a province or municipality wishes to upgrade the facility, only that portion of the work which would have brought the structure to its pre-disaster condition is eligible for federal assistance.

6. It should be noted that in repairing damage to public works, provincial or municipal materiel resources used in applications beyond those for which they were intended are eligible for assistance. If such work is contracted out, it too, is eligible for sharing. Eligible costs related to publicly owned resources are limited to reasonable direct costs (e.g. wages, fuel, oil, lubricants). Indirect costs such as depreciation and overhead are not eligible for sharing.

7. Intra-governmental costs such as those charged when the equipment of one government department is used or "rented" by another, are not eligible for sharing. Internal handling or administration costs for moving goods in and out of provincial government warehouses, and interdepartmental and intergovernmental service fees and overhead are not eligible for sharing.

8. Interest on bank loans obtained by municipalities as bridge financing until provincial and federal monies are provided is generally not considered eligible.

9. Expenditures by Crown corporations, whether federal or provincial, are not eligible unless, as provided in Chapter III, paragraph 8(6), they are corporations supplying sewer and water services.

10. Chapter III, paragraph 8(5) provides for financial assistance in the case of damage to public recreational facilities.

11. Damage to church property or private recreational facilities such as those owned by summer camps or service clubs does not qualify for assistance. An exception may be considered in the case of church property where such property constitutes a facility essential to the secular needs of the community, or where service clubs and charitable organizations operate a facility in the community's interest and to which there is unrestricted public access.

12. Requests have been received for assistance to meet the costs of fighting forest fires. These have not been accepted. The purpose of the arrangements is to assist individuals and governments to restore essential private and public property to its pre-disaster condition. Damage to forests is not, therefore, considered eligible.

13. Requests have also been received for linking separate disasters in a given year. The arrangements apply only to one specific event. Linking of several disastrous events is not allowed. The only exception to this has been during general spring flooding where water levels in a defined area of a province are high for long periods. Storms that have caused secondary flooding after the main flood has subsided have generally been linked to the spring flooding condition for purposes of financial assistance. It is normal practice to set dates in defining the disaster period and to base assistance on damage incurred between those dates.

14. Multiple disasters where, if each were considered separately, no single one would reach the threshold but which might reasonably be considered as part of the same event or as a sequence of closely related events, may be considered as constituting a single disaster for purposes of disaster financial assistance. When this possibility exists with disasters related to unusual weather conditions, the Atmospheric Environment Service of Environment Canada will be asked to determine whether the events in question resulted from a single or inter-related series of meteorological events and thus might be considered as a single disaster. Also, it is recognized that there may be circumstances in which multiple disasters in a single fiscal year warrant special consideration. Such rare occurrences will be treated individually as they arise.

15. As noted previously, eligible costs to a province or municipality are the net costs. Contributions from agencies such as the Canadian Disaster Relief Fund or

which result from a disaster related fund raising drive will be subtracted from a province's total costs before eligible costs are determined.

16. Estimated costs are used when a public work is to be repaired to better than pre-disaster condition. In such cases, the estimated amount required to repair to pre-disaster condition will be the eligible provincial expenditures for that particular project.

17. Numerous instances have occurred where unsupported invoices, i.e. invoices for goods or services in which the reason for purchasing the goods or services is not given and their applicability to recovery operations is not obvious, have been included in provincial expenditures. Generally, these are not acceptable.

18. Indian reserves are the responsibility of Indian and Northern Affairs Canada (INAC). However, it has been general practice for provinces to treat Indians on reserves in the same manner as they treat other residents. Costs incurred on Indian reserves in recovering from a disaster should be included in the provincial list of expenditures and 100 per cent of these costs will be reimbursed. This includes the cost of equipment and human resources supplied by the province to reserves in responding to the disaster.

19. Federal public works carried out on Indian reserves are the responsibility of Indian and Northern Affairs Canada (INAC) and are not to be included in the provincial expenditures. INAC may negotiate repair of roads, bridges, schools, sewage and water systems with provincial authorities, private contractors or federal public works. In this instance, requests for payment would be the responsibility of INAC.

20. Damage to provincial public works such as roads and bridges on reserve property would be included as shareable items for assistance in accordance with the Disaster Financial Assistance arrangements formula.

21. Landscape damage has not normally been considered eligible for assistance. Exceptions have included damage to a public recreation facility and a university botanical garden. Landscaping around other public buildings is ineligible for assistance.

22. Debris in channels of rivers and streams, in the context of the DFAA, is the material deposited by abnormal flooding. The cost of removing it may be shared if the consequences of not doing so would be against the public interest. This does not include "scalping" of gravel beds unless there has been an unusually heavy, disaster related, deposition. Then, only the cost of removing the disaster related deposition, as closely as this can be estimated, is eligible for sharing.

23. Questions have arisen regarding insurance policies of provincial governments. Some provincial governments follow a policy of self-insurance while others purchase insurance from the private sector. Compensation under the Disaster Financial Assistance arrangements should not influence a decision by a province as to which method of insurance coverage is most suitable to them. To treat all provinces equally, it has been agreed that a province could self-insure and be paid the full amount of damage to public property eligible under the guidelines even though private insurance could have been purchased. If private insurance has been purchased, the deductible amounts for public sector damage are eligible for cost-sharing.

CHAPTER VI

INTERPRETATION - PRIVATE SECTOR

1. Because of the numerous individual requests received for assistance, many detailed interpretations have been rendered since the Disaster Financial Assistance arrangements came into being. It is not the purpose of this manual to detail each of these interpretations but rather to record certain general principles relating to the eligibility of individual requests and to identify some of the more common items as eligible or ineligible.

2. Some provinces have followed the practice of providing individual assistance based on damage estimates less a certain deductible portion of, say, $100 or $200 or a certain percentage of the estimate. This is for the province to decide. Regardless of the practice followed, eligible costs for purposes of the DFA arrangements are identified from those which the province has actually paid.

3. Clean-up Payments. When an individual is faced with extensive property damage, he/she is required to put considerable time and effort into simply cleaning up the property. It would not be logical to allow an individual to hire someone to do the work and treat those costs as eligible while not recognizing work the individual does. Therefore, it has become practice under the arrangements to accept, as an eligible cost, compensation provided by provinces to individuals for cleaning up their own property, provided a maximum number of hours of compensation is established in provincial assistance policies and each case is substantiated by a damage appraisal report. The eligible rate for sharing that compensation is at the provincial minimum wage.

4. Eligible costs for assistance to repair or restore (as opposed to clean-up) an individual's residence and/or property will be based on the damage appraisal report. Federal officials may be required to determine the adequacy of the private sector appraisal process and reports.

5. Garden and Lawn Damage. Generally, costs for landscape repair in the private sector are not eligible for sharing, other than for debris clearance. An

exception occurred in one instance where sod, recently placed, was washed away by a flood and a municipal bylaw required residential properties to be sodded. It is now accepted that, where sod is in place for less than 12 months prior to the disaster, and where local bylaws require such landscaping, the cost of replacing the sod may be accepted as an eligible cost.

6. Fences on private, non-farm property are not eligible for federal assistance.

7. Loss of Foodstuffs. As a general rule, foodstuffs are not eligible for assistance. However, food in freezers or root vegetables stored in root cellars could be eligible provided a reasonable maximum value per individual or per household is applied by the province. Such eligible costs would not normally include perishable food or canned goods. However, in special cases, where emergency food supplies have been lost, such losses could be accepted. Examples of emergency food supplies might be those stored in survival shelters or in remote habitations/isolated communities. Vegetable crops in gardens are not eligible.

8. Appurtenant Buildings and Property. Eligible costs may include damage to garages and driveways. Other appurtenant buildings are not accepted unless the owner is a full-time farmer, hunter or trapper, or is engaged in an occupation in which the appurtenant buildings are essential to his/her livelihood.

9. Vehicles. The cost of repairing or replacing personal vehicles lost or damaged in a disaster is not acceptable for federal financial assistance. An exception might be farm equipment owned by a full-time farmer or non-road industrial vehicles, such as those used in small lumber operations, if they were not insurable.

10. Money provided as compensation for loss of income, loss of opportunity or inconvenience is not acceptable for federal assistance.

11. Chattels. Major appliances, such as stoves and refrigerators, which cannot be repaired, are eligible. Where such appliances can be repaired, the cost of repair is eligible. Luxury items such as sporting goods, stereos, luxury fur coats, etc., are not eligible for federal assistance.

12. Some home entertainment items are acceptable if a maximum amount to be applied to replacement of the equipment is set by the province. For example, television sets have been accepted as eligible where the amount provided by the province was sufficient for only a basic model television. The only exception to the general rule that stereos not be accepted was damage caused by a flood in Yukon where it was considered that because of the isolation, home entertainment equipment would be acceptable up to a maximum based on the cost of basic equipment.

13. One other exception should be noted. In Saskatchewan, certain fur coats, which had been stored in basements for the summer, were lost in a flood. They were not of the luxury type but were coats that could be classified as "heavy winter clothing." The province established a maximum amount for compensation and this was accepted.

14. Items that have been excluded from individual requests for assistance are jewellery, cosmetics, lost income, meals and accommodation (except in the immediate disaster period), documents and books, recreation and pleasure items, tools, seasonal decorations, typewriters, electric razors, lawnmowers. Reference books, tools and informatics equipment required for a vocation are considered eligible.

15. Absentee Owners. Damage to property not occupied by the owner as a principal residence on a day-to-day basis is not generally eligible under the guidelines.

16. Estate requests for assistance are not eligible for sharing. Estate requests refer to legal and other costs associated with the settlement of estates of people killed in the course of a disaster. In one case, the owner of a property had died before the disaster, the house was not being lived in, and the heirs were waiting for the estate to be settled. Costs to repair damage to the house and property were ineligible.

17. Recreational property such as private camps, clubs and cottages are not eligible for assistance except where one is used as a principal residence by the owner. Also not included are repair costs to private roads (as opposed to public roads) leading to or on such recreational properties.

18. Private roads. Unless a road has been designated by the province as a public road, repair costs are not eligible.

19. Several instances have arisen where an unoccupied home under construction has been damaged or destroyed. These cases involved individuals building homes into which they were planning to move upon completion. The interpretation has been that where both homes, i.e. the one being lived in and the one under construction, are damaged or destroyed, the individual can be compensated for one. Where only the home under construction has been damaged, the individual has not lost his/her principal residence and therefore no compensation is eligible. When the principal residence is under repair and uninhabitable resulting in the owner making mortgage payments as well as paying rent for temporary accommodation, neither the mortgage payments nor rent are considered eligible for compensation. Construction materials, in storage or available for use for home construction or development, lost or damaged, are not eligible.

SMALL BUSINESS

20. Small business is defined as an owner-operated business where the owner/operator is acting as a day-to-day manager and is dependent for his/her main livelihood on that business. The individual concerned should have no other major source of income. The damage suffered must not have been reasonably insurable. Some judgement may be required when estimating the extent to which the livelihood of the owner has been affected. In these cases, the onus is on the owner/operator to demonstrate that the damage incurred has placed his/her livelihood in jeopardy. Indicators could include audited financial statements for the preceding two or three years and documentation of the cost to repair the damage. When it is decided that a small business is eligible, financial assistance is based on the total loss, including loss or damage to fixed or removable assets, the cost of measures to limit damage during the disaster and, generally, costs associated with restoring the business.

21. Small business, as defined, can include many operations that otherwise would not be eligible. It could include a person who operates, as a business, rental income properties; an individual who builds houses by himself/herself for eventual sale; and farm

operations. It is important, in considering eligibility, to determine whether the individual concerned receives his/her major source of income from the business. Special rules for farm properties are covered elsewhere in this manual.

22. Specific cases arising from small businesses and co-operatives of particular interest include:

1) Requests for assistance received from developers engaged in construction of residential or commercial properties. Payments to such developers, unless they are extremely small scale and essentially a one-person operation (which is rare), have not been eligible for federal assistance.

2) Trappers who have lost equipment, including traps and snowmobiles, through flooding. These losses were considered eligible provided no insurance coverage had been available.

3) Assistance provided to restore farm lands to workable condition where a farm operation had been seriously affected by flood, erosion, land gouging, landslide, or other catastrophe.

4) Assistance to a co-operative considered eligible for federal sharing as it was essentially non-profit and important to the economic viability of the community.

LARGE BUSINESS

23. Assistance to large businesses is not generally provided. Large businesses (i.e. those which do not fit the definition of small business) usually have sufficient resources to cover damage costs and continue operating, unless the damage is extremely severe. In addition, large businesses normally have access to comprehensive insurance coverage. If the financial viability of a large business were threatened by a disaster, the problem would normally be considered in the context of economic development policy for the affected area, not in the context of the Disaster Financial Assistance arrangements. However, assistance may be provided in unusual circumstances if the Minister is satisfied that assistance is warranted.

FARM OPERATIONS

24. Eligible farm operations are those in which full-time farmers derive their sole or major source of income from the farm. Hobby farms or farming operations where the owners/operators have an unrelated full-time employment that is the primary gross income source are not eligible for federal financial assistance. The following illustrate interpretations which have been used for farm operations:

1) **Livestock Losses**

Payments for livestock losses have generally been deemed ineligible since research has shown that almost without exception livestock losses can be covered by insurance, even for rising water. There have been occasional situations where livestock could not be insured and these losses have been considered eligible.

2) **Crop Insurance**

In almost all cases, crops damaged by disasters have been insurable under the Federal-Provincial Crop Insurance Program. This program is made up of a federal "umbrella" program under which provinces can choose the crops they wish to cover under their own programs. Many cases have arisen where certain crops were not insurable in a province although the province could have insured the crop under the federal "umbrella" program. These crop losses were deemed ineligible. The Federal Crop Insurance Program provides coverage for fallow and bare land and for unseeded acreage. Agriculture Canada, Crop Insurance Division, should be consulted in the event of any uncertainty.

Thus crop losses are seldom eligible for assistance under the Disaster Financial Assistance arrangements. Eligible cases relate to new or experimental crops that have not yet generally been planted by the farming community in a given locality and therefore have not been included under the federal "umbrella" program. This is particularly so

for some types of horticultural crops. These have been eligible where federal crop insurance could not have been made available by the province to farmers under the federal program.

Cases have arisen where crops already harvested and in storage have been destroyed by rising water. These losses have been eligible except where either government or private insurance was available.

3) **Farm Buildings**

A farmhouse would be treated in the same manner as any other house and while in non-farm cases appurtenant buildings other than garages are not eligible, outlying farm buildings on a working farm are generally considered eligible. Also included as being eligible are repairs to, or replacement of, farm machinery, in cases where such machinery could not have been insured.

25. The guidelines provide that eligible costs shall include restoring farmland to workable condition where practicable. Restoration of farmland to workable condition would include replacement of topsoil, restoration of fertility by manure or commercial fertilizer and land levelling. Damage to land cannot normally be insured against and has been included as eligible, particularly where land gouging or erosion has occurred. However, a general principle has been applied that, if the area of the farm which suffered damage was not in production, the cost of restoration would not be eligible. Farmland left fallow in the normal cycle of crop rotation and in accordance with good farming practice would be considered as being "in production." As well, it should be noted that loss of market value of a farm because of land damage which cannot be restored is not an eligible cost unless the cost of restoration exceeds the fair market value of the land unit lost or damaged. In the latter case, the lesser is eligible. As a general rule, loss of income, loss of production, or loss of market value are not eligible.

26. Fences on working farms where livestock is kept are eligible for assistance. Ornamental fences around farmhouses are not eligible.

27. There was one instance where insurance coverage on farm buildings, as opposed to the farmhouse itself, could only be purchased for up to 10 per cent of the appraised value of the house. In this case, the losses were accepted. The loss was defined as being the estimated or actual damage less any recoveries provided by the insurance. For individuals who had not carried insurance, only the portion of the estimated or actual damage to such buildings which exceeded 10 per cent of the appraised value of the house was considered eligible to ensure equal treatment with those who had insured their outbuildings.

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SAFE GUARD is a national information program based on partnerships and aimed at increasing public awareness of emergency preparedness in Canada.

The Safe Guard program brings together government, private and voluntary organizations that are part of the emergency planning, response and recovery community.

The triangle is the international symbol of emergency preparedness. The jagged line evokes the maple leaf, the internationally recognized symbol of Canada. The amber yellow colour is a sign of caution and warning.